

Economic Impact Statement

LSA Document #18-408

IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses**Description of Rulemaking**

The Department of Workforce Development (Department) proposes a rule that will eliminate outdated portions of administrative rules and reflect new data management processes. Specifically, the proposed rule moves the collection of wage data to the Department's Employer Self Service site, and specifies data collection requirements. The rules also clarify when and how electronic communication to and from the Department and employers and claimants will be permitted. The operational procedural changes will simplify and streamline unemployment insurance regulatory requirements for both employers and claimants.

Statutory authority: [IC 22-4-18-1](#); [IC 22-4.1-3-3](#).

Estimated Number of Small Businesses Impacted by this Rule:

The Department estimates that potentially every small business/employer who pays wages will be affected by this rule. The rule itself is "business neutral" in that it should have no direct or indirect effect on business, and in fact will result in cost savings associated with transitioning from paper mailings to electronic uploads of data. The rule requires one additional piece of data from employers, but reduces the number of reports per year from eight (8) to four (4). Additionally, the Department will have employees dedicated to assisting businesses during the transition period.

Estimated Average Annual Administrative Costs That Small Businesses Will Incur:

The Department estimates that small businesses will incur minimal or no additional administrative expenses resulting from this rule because no additional reporting or filing requirements will be added or created by the proposed rule. In fact, employers' reporting requirements are reduced from eight (8) to four (4) reports annually. While the proposed rule changes how the information must be provided to the Department, the requirements detailing what data to provide remain largely unchanged. Additionally, the Department will have employees dedicated to assisting businesses during the transition period.

Estimated Total Annual Economic Impact on Small Businesses:

The Department estimates that there will be no financial impact on small businesses as a result of this rule. While some employers might need access to a computer, the website for uploading wage information is publicly available and can be accessed through any computer, including those available for use free of charge at a library, or Work One centers located throughout the state.

- Supporting Data, Studies, and Analyses: Because no financial impact is expected as a result of this rule, no supporting data, studies, or analyses were relied upon by the agency in its determination.

Justification of Requirement or Cost:

[IC 22-4-18-1](#) and [IC 22-4.1-3-3](#) allow the Department to adopt rules to administer the unemployment compensation system for the state. The proposed rule allows the department to administer the unemployment compensation with greater efficiency for the state, employers, and employees. The rule will allow the Department to capture more data from businesses. There are considerable benefits from receiving this additional data. Among the benefits are additional data allows for heightened analysis, which provides a greater sense of needs and outcomes. The Department will be able to have a better measure of the breakdown of part-time/full-time employees by wage and occupation. Furthermore, the agency will be able to accurately identify areas where the Indiana workforce is growing or shrinking. Consequently, the state will be better equipped to tailor its workforce development strategies to meet specific needs. The additional data will also allow the Department to partner more effectively with other state agencies for purposes of programming and needs assessments.

Regulatory Flexibility Analysis of Alternative Methods:

Because minimal financial impact is expected as a result of compliance with this rule, neither less stringent nor more simplified requirements are necessary for this rule. In making its determination, the Department considered the following:

1. The rule reduces the reporting requirements from eight (8) annual reports to four (4) annual reports, which decreases the burden on all businesses.
2. The additional data required by the rule results in a de minimis economic impact upon businesses – much of the data being requested by the Department is already compiled by businesses in the course of their normal operations.
3. The Department anticipates a soft launch, which will provide businesses time to adjust their operations to

meet the new requirements without facing penalties for failure to comply.

4. The Department has a need for timely wage and employee data reporting. The information is critical to the Department's administration of unemployment insurance benefits and the Department's charge to ensure the health of unemployment insurance trust fund.

5. Unemployment insurance encompasses all employers, and offers a safety net to all employees, regardless of the size of the business for which they worked. The rule's impact on small businesses is the same as its impact on larger businesses.

Supporting Data, Studies, and Analyses: Because of the nature of this rule, no supporting data, studies or analyses were conducted.

Posted: 12/05/2018 by Legislative Services Agency

An [html](#) version of this document.